



February 21st, 2023

Re: Black and Brown United in Action testimony in support of HB 6620

Dear Senator Cabrera, Senator Anwar, Representative Wood, Representative Barry and members of the Insurance and Real Estate Committee:

We are Black and Brown United In Action, a grassroots organization which focuses on immigrant rights, worker's rights, women's rights, and all matters which adversely affect the lives of Black and Brown people in New Haven, Connecticut and are testifying in support of HB 6620, An Act Promoting Competition In Contracts Between Health Carriers And Health Care Providers and SB 983 An Act Limiting Anticompetitive Health Care Practices.

As serious systemic inequities have come into focus in recent years, health equity is top of mind for many. This includes providing high reliability care (i.e., patient care that is consistently excellent and safe over long periods across all services and settings), addressing social determinants of health, increasing the diversity of healthcare leadership, and more. One very important aspect of health equity that should not be overlooked is access to care. While a key part of access is being able to get an appointment as quickly as possible when you're sick, it's broader than that. Access is about receiving acute, chronic, and preventive care and being able to tap into accurate health information to make informed decisions about your health in a timely manner. Without equitable access, patients will not experience equitable outcomes.

We are all under pressure from rising medical costs. Out-of-pocket patient co-pays increased by 10.4% in 2021, according to the latest figures from the Centers for Medicare and Medicaid Services. This proportion has not been seen for more than 30 years. Health care consolidation is a problem. One of the often overlooked causes of rising healthcare costs is hospital consolidation. When a single healthcare system becomes the only game in town, it effectively becomes a monopoly and can set prices at whatever level it wants. Clinics can raise their rates. Patients are being forced to pay higher medical bills and travel farther afield, which can also be costly. Hospital markets have become increasingly consolidated in recent decades, with over 1,412 Hospital mergers between 1998-2015. This concerning trend in consolidation and increased market power coincides with increased prices, decreased patient options, and lesser patient experience. Hospital consolidation also affects health care providers – nurses, physicians, and pharmacists – who frequently face hospitals and health systems with upstream market power in labor markets. Large hospital conglomerates are expanding, purchasing smaller hospitals and independent clinics. This is an unfair advantage over their competition. It's cronyism for tax-exempt systems that already rake in large revenues. With this kind of monopoly power, hospital systems gain bargaining leverage over payors. They can raise prices without increases in quality. Under the 340B drug discount program, manufacturers are required to sell their medicines at steeply discounted prices to qualifying hospitals and safety-net clinics.

While the program is often associated with community health centers, hospitals now account for 87 percent of drug sales at the 340B price. To be eligible for the discount, most hospitals must reach a minimum threshold of Medicaid and low-income Medicare inpatients, and there is evidence of strategic behavior to reach (but not exceed) that bare minimum. These institutions are gaming the system, which collectively totaled about \$50 billion in 2021. Hospitals are incentivized to do this because they can then resell the drugs

to patients with private insurance or Medicare at much higher prices, reaping huge profits. Hospitals receive millions of dollars in net revenue annually from Medicare alone. The windfall is even greater for private insurance. A large hospital hub can meet its minimum Medicaid and low-income Medicare inpatient share, and then buy drugs at the 340B discount for all the clinics it owns, even if those clinics don't see a single Medicaid patient. Thus, an oncology clinic that has been acquired by a hospital can purchase its drugs at a massive discount that is unavailable to it as a private, independent clinic.

All of this has fueled acquisitions, and now the 10 largest healthcare systems in the United States control nearly a quarter of all hospitals. In short, the large hospital system is abusing the law to wipe out an ever-larger swath of the health system, including facilities in wealthy neighborhoods, to 340B. The number of hospitals and clinics enrolled in the program has increased by a staggering 517% from 2000 to 2020. Hospital revenues have increased accordingly. From 2013 to 2018, total patient income increased by 82% from \$505 billion to \$918 in the 10 largest healthcare systems. But while hospital conglomerates get rich with 340B, the most needy patients see no benefit, and consolidation continues to drive up healthcare costs.

A good place to start is cracking down on entitlements, which passing HB 6620 and SB 983 will do. The right to health for all people means that everyone should have access to the health services they need, when and where they need them, without suffering financial hardship. No one should get sick and die just because they are poor, or because they cannot access the health services they need. Connecting people with the right care at the right time is an important value-based care principle. When people can easily access a primary care or wellness visit, we may see a diminished likelihood of developing a more concerning illness down the line. Healthcare organizations need to have the right patient-centered mechanisms in place that ensure patients can easily access those care services and these bills will help promote what is best for the people, not what profits pockets.

In closing, as you listen to the testimonies being shared, we urge you to consider the viability of democracy when someone who does not speak English as a first language or needs communication support services such as sign language is only afforded 3 mins to share their testimony. Kindly acknowledge that access to healthcare includes being able to effectively and efficiently share thought, which will prove difficult if there is a lack of resources and time, both of which can feel like a cage to someone who is only trying to share their story. We appreciate the time, effort and courage which you put into your work to represent us, and are asking for you to consider how improving language and time access will increase our participation and support of your endeavors of improving our communities during the legislative process.

Sincerely,

Black and Brown United in Action